

05/06/04

TAKOMA PARK City Council and Mayor

Residents of Takoma Park pay excessive property taxes.

This is because many of Takoma Park City services duplicate services provided by other levels of government and fully paid for by Takoma Park Residents. These include police, public works, parks and recreation, housing regulation, libraries, roads, etc. All of these same services are provided by Montgomery County outside Takoma Park, but county residents outside Takoma Park do not pay double taxes. What has happened, all too often, is that the City voluntarily assumes functions that the County or State has already been paid to perform-- but there is no off-set of the tax we pay to the County. In effect, we pay twice for the service and our extra tax payments are subsidizing county services outside Takoma Park.

The current Takoma Park tax rate of 66 cents per \$100 of assessed value is the highest, by far, of any of the 19 incorporated cities in Montgomery County. It is more than double the second highest rate for the city of Rockville. This imbalance is illustrated in the following table that lists the 19 incorporated cities in Montgomery County and their current Local Real Property tax rate. (Source: State of MD web site.)

CITY Date incorporated		POPULATION	TAX RATE (cents / \$100 value)
Barnesville	1888	160	08
Brookeville	1808	120	20
Chevy Chase	1918 - 93	7000 (five villages)	00 to 14
Gaithersburg	1878	53,000	21
Garrett Park	1898	900	20
Glen Echo	1904	200	14
Kensington	1894	1900	19
Laytonsville	1892	270	16
Martins Addition	1985	870	01
North Chevy Chase	1996	460	05
Poolesville	1867	5000	24
Rockville	1860	47,000	32
Somerset	1906	1100	05
TAKOMA PARK	1890	17,000	66
Washington Grove	1937	500	22

(Over 80% of Montgomery County residents live outside incorporated cities and pay no City Real Property Tax)

In many other parts of Maryland, county property tax rates are lower in cities than county-wide. This reflects the services provided by those city governments that do not have to be provided by the county. But in Montgomery County, all property owners in city and non-city areas pay the same County real property tax rate of 75 cents per \$100 of assessed value.

Takoma Park is unusual with a high local tax rate and a full county tax rate, but not unique. However, those few other cities that are similar to Takoma Park tend to be urban areas in mostly rural counties. There is some logic for paying extra taxes for city services that are not provided by those rural county governments. And, in fact, Takoma Park started out over 100 years ago as a railroad suburb surrounded by rural area. But now Montgomery County is a full-service county. This may explain why Montgomery County does not offer a reduced county tax rate for any city area and why all other cities, except Takoma Park, have chosen to keep their local tax rates as low as possible so as to supplement rather than duplicate services already provided by the county.

Montgomery County has agreed to provide partial rebates to Takoma Park to cover part of the cost of duplicated services. However, these rebates go to the City and not the taxpayers and therefore do not lower the double taxation paid to the County and the City. Nor have these rebates reversed the steady increase in City taxes nor the growing debt burden. In effect these partial rebates have provided a cover to ignore serious City fiscal problems and have given the County an excuse to withhold County services fully paid for.

Of course, not every Takoma Park function duplicates County services. Many City activities are not available from the County, such as the City tree removal process, Cable TV and newspaper, rent control, nuclear free procurement, parking permits, Folk Festival, July 4th parade and fireworks etc. But these are not the big ticket items that have driven up the City taxes.

The steady increase in city taxes is making Takoma Park a more expensive place to live, which could discourage the very diversity that many residents seek. In addition, the City government has become so burdened delivering basic services that it has lost its ability to be a creative laboratory for local government innovations. For example, Takoma Park led the way some years ago with the first curb-side recycling program in this area. But the City is still running that program even though curb-side recycling is now county-wide.

It is past time for a change of direction. Rather than continuing to increase debt, raise taxes and assume County, State and even Federal government functions, the City should begin a systematic review of all services with the goal of reducing or eliminating those that duplicate or supplant services already provided by other governments and fully paid for by Takoma Park taxpayers.

Unfortunately, the Takoma Park City Council is considering maintaining the highest local tax rate of 66 cents again for next year. As a result, local property taxes will increase by 11% beginning on July 1, 2004 due to the rise in real property assessments. A far better course would be to lower the tax rate to the Constant Yield Tax Rate of 59 cents. If the Constant Yield Rate were adopted, the City would maintain the same level of revenue and the lower tax rate would create an incentive to begin a serious effort to scale back duplicated services. Even at the Constant Yield Rate, however, the City of

Takoma Park would still maintain the highest local tax rate of any city in Montgomery County.

Ind Miller

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REAL PROPERTY CONSOLIDATED TAX BILL
SEMI ANNUAL BILL
TAX PERIOD 07/01/2004-06/30/2005
FULL YEAR LEVY
LEVY YEAR 2004



Department of Finance
Division of Treasury
255 Rockville Pike, L-15
(Monroe Street Entrance)
Rockville, MD 20850

Hours: 8:00 a.m. - 4:30 p.m.
Mon. - Fri.

COX, HANSEL H & C P
7331 PINEY BRANCH RD
TAKOMA PARK, MD 20912-4208



PRINCIPAL RESIDENCE

BILL DATE	
7/19/2004	
PROPERTY DESCRIPTION	
BRASHEARS SUB	
BILL #	ACCOUNT #
24094566	01063217
REFUSE AREA	REFUSE UNITS
R40	- 1

LOT	BLOCK	DISTRICT	SUB	TAX CLASS
28	12	13	025	R074
MORTGAGE INFORMATION		PROPERTY ADDRESS		
HOMESIDE LENDING, DIVISION OF WAMU, FA (SEE REVERSE)		7331 PINEY BRANCH RD		

TYPE	ASSESSMENT	RATE	TAX/CHARGE
COUNTY PROPERTY TAX	410,000	.734*	3,009.40
STATE PROPERTY TAX	410,000	.132*	541.20
TAKOMA PARK PROPERTY TAX	410,000	.660*	2,706.00
SPECIAL AREA PROPERTY TAX		.272*	931.97
SOLID WASTE CHARGE		39.69	39.69
TOTAL			7,228.26

CREDIT DESCRIPTION	ASSESSMENT	RATE	AMOUNT
STATE HOMESTEAD CREDIT	-67,367	.132*	-88.92
COUNTY HOMESTEAD CREDIT	-67,367	.734*	-494.47
MUNICIPAL HOMESTEAD CREDIT	-67,367	.660*	-444.62
TOTAL CREDITS			-1,028.01

*PER \$100 OF ASSESSMENT

CURRENT YEAR FULL CASH VALUE
TAXABLE ASSESSMENT

410,000

CONSTANT YIELD RATE INFORMATION

COUNTY RATE OF 0.734 IS MORE
THAN THE CONSTANT YIELD
RATE OF 0.694 BY 0.040